

HB

391

COMMITTEE REPORT

3/3

HOUSE

3/14/79

FURTHER: JUDICIARY

Date: 2/29/80

Mr. Speaker: HEALTH, EDUCATION & SOCIAL SERVICES
The Committee on _____ has had HS 391

"An Act relating to competition by the University of Alaska with private businesses."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back with ^{individual} ~~out~~ recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

Buchholdt

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature] - make

[Signature] - No Rec.

[Signature] Do Not Pass

T Buchholdt
CHAIRMAN

TELEGRAM

ALASCOM, INC.
PHONE: 586-4442
JUNEAU, AK 99802

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PMS REPRESENTATIVE THELMA BUCHHOLDT

JUNEAU AK

640

DEAR REP BUCHHOLDT, I WAS NOTIFIED TOO LATE TO TESTIFY ON
HB391 LAST WEEK. A MAJOR CONCERN IS THAT THERE IS NO
DEFINITION OF QUOTE 20 PERCENT HIGHER UNQUOTE. I WOULD LIKE
TO SUGGEST ADDING QUOTE THE UNIVERSITIES BID OR PROPOSED
PRICES SHALL INCLUDE ALL ASSOCIATED DIRECT AND INDIRECT COST
UNQUOTE. THANK YOU

DONALD SLONE

Julie,

Please make 9 copies
of this ~~bill~~ & give
to Judiciary where
HB 391 is now
referred to.

Thanks.
T



Jay Barton
President

UNIVERSITY OF ALASKA
FAIRBANKS, ALASKA 99701

February 29, 1980

TO: Representative Thelma Buchholdt

FROM: Jay Barton
President

RE: HD 391: "An Act relating to competition by the University of Alaska with private businesses" - Fiscal Note

At your request, we have made an initial analysis of the potential impact HB 391, "An Act relating to competition by the University of Alaska with private businesses", would have on the University of Alaska. Time constraints mandated that this initial assessment focus on the University of Alaska - Fairbanks, and the Organized Research units in reviewing the magnitude of current State contracts. In analyzing current budgeted Federal receipts (grants and contracts), your requirement for immediate information has mandated that we focus on the University of Alaska - Fairbanks; Organized Research units; and Rural Education. (Please note: Additional Federal Receipts, in the amount of \$7,302.4, are budgeted to be received by UAA, UAJ, Community Colleges and the Cooperative Extension Service.) We assume that the figures presented below primarily reflect grants and contracts awarded on a competitive basis; some proportion of funds received through grants and contracts undoubtedly have also been awarded on a sole-source basis. An assessment of which grant and contract funds received by the University were bid upon by private firms, at a price no more than 20% higher than our proposals, would require analysis by the entities awarding such grants and contracts.

STATE-FUNDED CONTRACTS

State contracts awarded UAF and Organized Research in the period of July 1, 1979, through December 31, 1979.

AEIDC	\$104.8
ISER	125.0
Institute of Water Resources	60.6
Cooperative Wildlife Research Unit	30.0
Department of Engineering	37.2
Library	2.0
Museum	33.6
Safety	2.0
School of Business & Management	6.0
Agricultural Experiment Station	10.0
Department of Geology	6.5
Sea Grant Program	12.1
Cross Cultural Education	3.0

To: Representative Thelma Buchholdt
 From: Jay Barton
 Re: HB 391
 Date: February 29, 1980
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State-Funded Contracts (7/1/79 - 12/31/79) - continued

Cooperative Fisheries Research Unit	\$ 19.0
Conferences & Institutes	15.3
College of Arts & Sciences	26.7
Institute of Marine Science	<u>1.0</u>
TOTAL	\$494.8
Annualized: \$494.8 X 2 =	<u>\$989.6</u>

Time constraints have precluded development of a similar breakout of funds for the Division of Community Colleges, Rural Education and Extension; the University of Alaska, Juneau; and the University of Alaska, Anchorage. It is important to note, however, that the Alaska Department of Education currently contracts with many of the Community Colleges to provide Adult Basic Education instruction.

FEDERALLY-FUNDED GRANTS AND CONTRACTS

From FY80 Authorized Budget (FCC).

	<u>Federal Receipts</u>	<u>GFM</u>	<u>Total</u>
Organized Research	\$37,134.3	\$1,502.1	\$38,636.4
REA-Research & Professional Centers	518.9	---	518.9
UAF-Research & Professional Centers	<u>165.0</u>	---	<u>165.0</u>
TOTAL	\$37,818.2	\$1,502.1	\$39,320.3

In summary, two points should be made concerning HB 391 fiscal impact on the University:

1. Normal conduct of business is to award grants and contracts to the lowest responsible and responsive bid. In normal practice, bids are called for to be unconditional. HB 391 in practical effect requires any bid by the University of Alaska to be unresponsive to bid requests by requiring a self-imposed condition on all our bids. The University would effectively be prohibited from bidding on grants and contracts at all, because most parties (i.e. all parties except State of Alaska agencies) seeking bids would not tolerate such a condition.
2. It is accurate to state that virtually all grants-and-contracts' activity of the University of Alaska could be jeopardized by HB 391. Furthermore, the Bill speaks strictly to dollar amounts of competing bids, and does not speak to the scope or qualitative ability of competing bids, an issue of absolutely critical importance to funding sources.



HG 391 file

UNIVERSITY OF ALASKA-FAIRBANKS

Public Affairs, 7th Floor Gruening
Fairbanks, Alaska 99701

(907) 479-7581

FOR IMMEDIATE RELEASE

Four University of Alaska-Fairbanks staff members have received contracts for the phase one studies on the proposed Susitna Power project.

Conducting the archeological survey of potential sites will be a team directed by George Smith of the university museum staff. "We will be surveying the entire area for evidence of use," Smith said. The study will examine all areas which may be impacted by the dam, including gravel pits and the area to be inundated.

Dr. Alan Jubenville of the School of Agriculture and Land Resources Management, has received a contract to conduct a land use analysis of the region. He will study the traditional use as well as current land utilization in the area. Included in the study will be interviews with Anchorage and Fairbanks residents to determine their attitudes and wishes for developing the recreational potential.

Studying the potential impact on wildlife in the area will be Drs. Phil Gipson and Brina Kessel. Gipson will concentrate on studying the fur bearing animals. His work will include short-tail weasels, least weasels, mink, river otters, pine marten, red fox, coyotes, lynx, beaver and muskrats.

Kessel will study all birds in the areas, including raptors, waterfowl and small mammals.

All the phase one studies are subcontracted to the university by Terrestrial Environmental Specialists, Inc., who, in turn, are subcontractors of Acres American.

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CONTACT: Stephen Lay - 479-7581

SL/4-29-80/315

HB 391 file

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POLICH C

JUNEAU, ALASKA 99811

May 14, 1979

Mr. Glenn Bacon
ALASKARCTIC
P. O. Box 397
Fairbanks, Alaska 99707

Dear Mr. Bacon:

I appreciate your response to my May 1 clarification of policy regarding the use of Executive departments and/or University of Alaska staff as providers for professional services.

Generally, the services are contracted for when they cannot be performed within the budget approved by the Legislature and the criteria outlined in my May 1 memo are used as guidelines to those decisions. While it is true that the agencies (departments and/or the University of Alaska) do submit their estimates of cost and their budgets, they are scrutinized, changed or adopted by the Division of Budget and Management, the Governor, and the Legislature. In the legislative review, both Legislative Finance staff and Legislators are involved in the review and/or revision.

If you can demonstrate the appropriateness and potential savings implicit in the Department's further consideration of nonagency services, I am confident you will find the Commissioners of the relevant departments interested in doing so, especially in this period of emphasis upon fiscal restraint and economy.

Since professional services contracts are initiated by the departments needing the services, I urge you to share your suggestions and information directly with Commissioners Robert Ward of the Department of Transportation and Public Facilities, and Commissioner Robert LeResche of the Department of Natural Resources. I am taking the liberty of



ALASKA ARCTIC

CONSULTANT ARCHEOLOGISTS • CULTURAL RESOURCE SPECIALISTS

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May 4, 1979



Commissioner W. R. Hudson
Office of the Commissioner
Department of Administration
Pouch C
Juneau, Alaska 99811

Dear Commissioner Hudson;

Thank you for your prompt attention to the matter raised in our letter to Governor Hammond regarding State policy to use the resources of the Executive Branch and the University of Alaska.

If we understand your letter of 1 May 1979 correctly, "in-house" services will be obtained only if certain criteria are met. The servicing agency must, in your words, "perform within the time constraints, funds available and credibility of end product desired by or available to the requesting agency."

We interpret this statement to mean that when these criteria are met the services will be obtained "in-house".

If we understand the funding criterion, so long as the University or the Executive Branch can provide the necessary service within budget constraints, no attempt will be made to turn to the private sector. But, the fact that the Executive Branch or the University often provide the estimates upon which archeology budgets are based tends to insure that enough funds will be budgeted for these agencies to provide services within budget limits.

In other words, it appears that so long as the University and/or the Executive Branch can provide archeological services within the limits of available funding (based on their own budget estimates), given that the other criteria are also met, no attempt will be made to secure a lower budget proposal.

In effect the current State policy precludes direct competition. Only when the Executive Branch and the University are unable to function within partially self imposed parameters will

Commissioner Hudson
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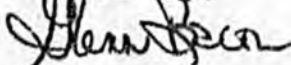
other sources of archeological expertise be considered.

If a State agency must perform a function which can also be served through the private sector, is it appropriate for the State to assume an essentially monopolistic role? We think not. But, if the State feels it necessary to provide a service also available through the private sector, the very least we can ask is that provisions be made to allow for competition.

If the Executive Branch and/or the University can provide timely archeological expertise in the most cost effective manner, then by all means let them provide the service. But, if a private firm such as ours can provide the same high quality and timely archeological expertise at a lower cost then we should be allowed to provide the service. Any other course of action unnecessarily burdens the taxpayer.

We hope in raising these concerns that we are not in effect "beating a dead horse". We are hopefully contributing in a constructive manner to a developing State policy. If we have misunderstood your comments, please alert us to our errors in understanding. If we have understood your comments correctly, then perhaps our comments will provide you with some insight into what we are sure is not a simple problem.

Sincerely,

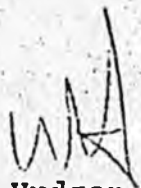


Glenn Bacon

cc: State Senator Glenn Hackney

ALL COMMISSIONERS

May 1, 1979



Commissioner W. R. Hudson
Department of Administration

Contracting with Other State
Agencies

It appears that there is some confusion as to the policy on using the Executive Branch and University of Alaska as contractors for professional services.

It is not the intent to do all contracting "in-house" to the total exclusion of vendors who are outside the State system. It is rather, as established in the memorandum from the Governor's Office and expanded by the Administrative Manual section on contracts, the policy to use "in-house" personnel only to the extent that they are:

1. Available
2. Price competitive, and
3. Capable of meeting the time constraints of your need for services; and if
4. The end product, as demonstrated by past performance is credible

If an agency cannot meet these criteria, you are then free to contract with the private sector.

Contracting with the private sector should be done, to the greatest extent possible, with those firms that are located within Alaska.

WRH/mjc
Attachment